WESTERN LITHIUM CANADA CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED MARCH 31, 2009.

Background

The following discussion and analysis of financial position and results of operations, prepared as of May 25, 2009, should be read together with the Company's unaudited interim consolidated financial statements for the six months period ended March 31, 2009, audited consolidated financial statements for the years ended September 30, 2008 and 2007, and related notes attached thereto. The financial statements are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Forward Looking Statements

Certain of the statements made and information contained herein is "forward- looking information" within the meaning of the Ontario Securities Act. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in lithium exploration, development, and processing including environmental hazards, industrial accidents, unusual or unexpected geological formations, risks associated with the estimation of resources and reserves, and the geology, the possibility that future exploration, development or exploration results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour; the inherent uncertainty of future production and cost estimates and the potential for unexpected costs and expenses, commodity demand growth and price fluctuations; uncertain political and economic environments; changes in laws or policies, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors in the Company's Information Circular that can be found on the SEDAR website. Forward-looking information is, in addition, based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of lithium that the Company can access, financing, appropriate equipment and sufficient labour. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Company Overview

Western Lithium Canada Corporation ("Western Lithium" or "WLC") is a Canadian-based resource company focused on the development of a large lithium resource located in northwestern Nevada. The Company was incorporated on November 27, 2007, as a subsidiary of Western Uranium Corporation (WUC). Following the completion of the Plan of Arrangement between the two companies on July 16, 2008, Western Lithium ceased to be wholly-owned by WUC and became an independent publicly traded company. The Company trades on the Toronto Venture Exchange under the symbol WLC. The company operates in the United States through its wholly owned subsidiary, Western Lithium Corporation ("Western Lithium USA"). Western Lithium USA has leased a portion of claims on the Kings Valley Project in Nevada from Western Energy Development Corp., a wholly owned US subsidiary of WUC. The lease grants Western Lithium the exclusive rights to explore for, develop, and mine, or otherwise produce any and all lithium mineralization known or discovered on the claims.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Significant Events

- In October 2008, the Company announced the appointment of Jay Chmelauskas as its new President and Dennis Bryan as Senior Vice President of Development. At the same time, Pamela Klessig resigned as President of Western Lithium Canada Corporation. Ms. Klessig serves as a Director of Western Lithium Canada Corporation.

- In February 2009, the Company engaged Cindy Burnett of Vancouver, British Columbia, to provide investor relations services to the Company. Ms. Burnett is responsible for initiating and overseeing the development of a comprehensive investor relations program for Western Lithium.

- In February 2009, the Company engaged RK Equity Advisors LLC, a global advisory firm with offices in New York, London, and Johannesburg, which specializes in attracting long-term institutional ownership.

- In May 2009, the Company completed a private placement offering of 11,000,000 units (the "Units"), priced at $0.50 per Unit for gross proceeds of $5,500,000 (net $5,260,000). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share for a period of 2 years at an exercise price of $0.60 per share. In connection with the private placement, the Company paid a cash commission and a corporate finance fee of $155,000 and issued 310,000 agent's warrants. In addition, the Company paid a finder's fee of $85,000 and issued 170,000 finder's warrants. Agent's and finder's warrants entitle the holder to purchase one common share for a price of $0.60 for a period of 12 months from the date of closing of the placement. Western Uranium Corporation, the Company's controlling shareholder, purchased 3,000,000 Units for which no commission or agent's warrants was paid or issued.

- In May 2009 the Company has engaged URS Corporation (URS), a major engineering firm, to complete initial economic scoping studies at its Kings Valley lithium deposit in Nevada. URS will focus on a thermal treatment process that uses conventional technology for the initial phase of economic studies. The company's target is to meet production specifications for high quality, low impurity lithium carbonate to sell to major manufacturers of lithium-ion batteries. The company also expects to produce co-products such as potassium sulphate, widely used for agricultural fertilizer, which is anticipated to significantly enhance project economics and competitiveness. The scoping study results are targeted for the end of Q3 or early Q4, 2009. URS is a leading global provider of engineering, construction and technical services with more than 50,000 employees in 30 countries. URS will complement work presently underway at metallurgical test facilities located at Kappes, Cassidy & Associates in Reno, and Hazen Laboratories in Denver.

Industry

The Company is engaged in the acquisition, exploration, and development of resource properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of economically mineable deposits. The geological focus of the Company is on areas in which the geological setting is understood by management.

Current Market Status

The global financial crisis in 2008 has resulted in reduced demand and lower prices for most mineral commodities, but many of the rare metals are notable exceptions, with prices declining to a lesser degree than other mineral commodities. This is attributable to steady demand for these metals due to their importance in a growing number of applications in technology related to energy efficiency and a cleaner environment.

The Company is developing a large lithium deposit in Nevada and intends to produce lithium carbonate. One of the primary uses of lithium today is in lithium-ion batteries for cell phones, laptop computers, and other electronic devices that require maximum storage capacity with minimum weight. The overall lithium carbonate market is projected to grow significantly over the next several years due to continued growth from the electronics industry, new growth from the hybrid/electric automotive industry, and policy priority for many governments around the world to reduce carbon emission.

The Company's property will not generate any revenue in the near future and will have to continue to rely on successfully completing additional financings to further development of its property. The Company believes the current challenging conditions in the capital marketplace will make it more difficult and time consuming than normal for companies at its stage of development to secure additional funding.

As of date of this report, the Company does not expect that the recent volatility in the capital markets will have a significant impact on its operations.

Resource Properties

All costs related to the acquisition, exploration, and development of resource properties are capitalized by property. If economically recoverable reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a resource property is impaired, that property is written down to its estimated net realizable value. A resource property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company's property, Kings Valley Lithium Project, is located in northwestern Nevada. A non-compliant NI 43-101 historical resource produced by Chevron Resources estimated 11 million tonnes of lithium carbonate equivalent (LCE) is contained on the property. Mineralization is located in five pods with the southern most lens of mineralization, the PCD lens, located in close proximity to infrastructure which includes a paved state highway and power lines. During the past year WLC has completed 45 in-fill and confirmation drill holes on the Stage I (PCD) Lens, plus an additional 6 holes primarily for additional samples for metallurgical testing, undertaken bench scale metallurgical testing and has initiated additional metallurgical and process testing on both the bench and pilot scale levels. A National Instrument 43-101 resources estimate has been completed and filed for the Stage I (PCD) lens.

Kings Valley Lithium Project

Lease and option agreement

The Company and Western Uranium entered into a mining lease and option to purchase agreement (the "Lease Agreement"), through their subsidiaries, Western Lithium USA (100% owned by Western Lithium Canada Corporation) and Western Energy Development Corporation (100% owned by Western Uranium), pursuant to which Western Uranium granted to the Company the exclusive right to explore for lithium bearing minerals and clay on the Kings Valley Property (the "Exploration Right").

The Lease Agreement has a term of 30 years that is renewable subject to Western Lithium fulfilling terms required under the lease agreement. In consideration for the Exploration Right, the Company must pay to Western Uranium US$25,000 (paid), US$50,000 (paid) on the first anniversary of the effective date of the Lease Agreement, US$75,000 on each of the second through fourth anniversaries of the effective date of the Lease Agreement, US$100,000 on each of the fifth through tenth anniversaries of the effective date of the Lease Agreement, US$150,000 on each of the eleventh through twentieth anniversaries of the effective date of the Lease Agreement and US$200,000 on each of the twenty-first through thirtieth anniversaries of the effective date of the Lease Agreement, for total payments of US$4,400,000. These payments are applied against any royalty payments. The Company has agreed to pay to Western Uranium a Net Smelter Returns Royalty of 1.5% and a Net Profits Royalty equal to 3.5%.

Location

The Company's lithium project is located in Humboldt County in northern Nevada, approximately 100 km north-northwest of Winnemucca and 40 km west-northwest of Orovada, Nevada. The area is sparsely populated ranching land and covers approximately 40,000 acres. Access to the project is via paved road (U.S. Highway 95) north from Winnemucca to Orovada and then west on paved state highway 293 to the project area. Local access is via numerous gravel and dirt roads.

Because of the large-scale mining in the Winnemucca area, local resources offer much of the infrastructure and support required by mining. The area is about 30 km north of the now depleted Sleeper gold mine and 100 km northwest of Twin Creeks, Turquoise Ridge, and Getchell gold mines. Several other gold and copper mines operate in the regional area providing an experienced work force and adequate support for mining operations. Access to rail lines is provided in Winnemucca.

NI 43-101 Report

A NI 43-101 compliant report on the project has been completed by AMEC E&C Services Limited (AMEC) in early 2009. The Stage I (PCD) lens contains Indicated Resources of 48.1 million tonnes grading 0.27% lithium, or the lithium carbonate equivalent (LCE) of 688,000 tonnes LCE and Inferred Resources of 42.3 million tonnes grading 0.27% lithium, for an equivalent of 606,000 tonnes LCE, both at a cut-off grade of 0.20% Lithium. This tonnage would potentially support Stage I production envisioned as 20,000 to 25,000 tonnes per year LCE at Kings Valley.

In addition to this new resource estimate, the Kings Valley property hosts a non-compliant NI 43-101 resource of approximately 11 million tonnes of lithium carbonate based on exploration work by Chevron Resources during the 1970's and 1980's. The Chevron exploration identified five lithium bearing hectorite clay lenses. The Stage I (PCD) lens, was chosen by Western Lithium as the lens with the greatest first stage development potential due to its close proximity to road access and power. In 2007-2008, Western Lithium drilled 37 core and 8 RC holes at the Stage I (PCD) lens to confirm previous Chevron work and bring the resource to conformity with NI 43-101 standards, and to carry out further scoping studies. The new Stage I (PCD) resource estimate compares closely to the previous Chevron resource for the PCD lens. Further engineering work is underway to determine scoping level economics, expected later this year, to process the lithium bearing clay and determine an optimal process flow sheet for development.

Resource Modeling

AMEC completed a review of lithium exploration work on the Kings Valley property in Humboldt County, Nevada and has developed lithium mineral resource estimate for the Stage I (PCD) area that conforms to Canadian National Instrument 43-101, Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators. Table 1 presents the mineral resource for the Stage I (PCD) area, Kings Valley property, at a base case cut-off grade of 0.20% Li. AMEC is of the opinion that exploration potential exists at the Kings Valley property to increase the resource with additional drilling. The resource estimate was made from a three-dimensional (3D) block model utilizing commercial mine planning software, (MineSight®). This is the first time an electronic mine planning software package has been used for Kings Valley lithium resource estimation.

Resources are summarized by Inferred Mineral Resource and Indicated Mineral Resource categories. Economic assumptions were used to generate an economic cone using Datamine® NPV Scheduler and all resources are within the cone.

The Stage I (PCD) lens is the southernmost mineralized lens on the property and appears to be the smallest of the known mineralized areas. The Stage I (PCD) lens comprises relatively unaltered volcaniclastic sandstone and claystones which are the dominant rock types. Lithium-rich beds are generally 1 to 10 m thick with some areas as much as 60 m thick. Colluvium as thick as 10 m covers much of the area. Recent drilling by Western Lithium shows that the average thickness of Li mineralization is much thicker than indicated by Chevron data because many of the Chevron holes stopped in mineralization.

Environmental and Permitting Studies

The Kings Valley property is located in Nevada which has a long history in the metals and industrial mineral mining industry. Approximately 50 major mines are currently in production in the state of Nevada, with several large scale gold mines in the surrounding region of Kings Valley.

Western Lithium is working closely with the U.S. Bureau of Land Management and the Nevada Department of Environmental Protection towards the permitting of the Kings Valley property for mining and processing of the lithium bearing clays. The project supports the new energy independence policies coming from the new Washington administration and the development of new energy efficient electric/hybrid cars by domestic and international manufacturers.

Table 1: Kings Valley Stage I (PCD Lens) Mineral Resources

Kings Valley PCD Area Indicated Mineral Resources, 0.20% Li Cutoff*			
Cutoff Li %	Tons	Li %	Contained lbs Li
0.025	85,856,000	0.226	388,000,000
0.050	85,559,000	0.227	388,000,000
0.075	84,824,000	0.228	388,000,000
0.100	83,413,000	0.231	386,000,000
0.125	80,637,000	0.235	378,000,000
0.150	75,294,000	0.242	364,000,000
0.175	65,681,000	0.253	332,000,000
0.200	53,019,000	0.269	284,000,000
0.225	39,332,000	0.288	226,000,000
0.250	28,406,000	0.308	176,000,000
0.275	20,103,000	0.327	132,000,000
0.300	13,693,000	0.346	94,000,000
0.325	8,823,000	0.365	64,000,000
0.350	5,176,000	0.385	40,000,000
0.375	2,589,000	0.410	22,000,000
Kings Valley PCD Area Inferred Mineral Resources, 0.20% Li Cutoff*			
Cutoff Li %	Tons	Li %	Contained lbs Li
0.025	82,706,000	0.216	358,000,000
0.050	80,100,000	0.222	356,000,000
0.075	78,887,000	0.225	354,000,000
0.100	77,165,000	0.228	352,000,000
0.125	73,656,000	0.233	344,000,000
0.150	68,791,000	0.240	330,000,000
0.175	59,466,000	0.252	300,000,000
0.200	46,645,000	0.269	252,000,000
0.225	33,471,000	0.291	196,000,000
0.250	23,074,000	0.317	146,000,000
0.275	17,509,000	0.334	116,000,000
0.300	11,407,000	0.358	82,000,000
0.325	7,684,000	0.381	58,000,000
0.350	4,735,000	0.408	38,000,000
0.375	3,154,000	0.432	28,000,000

*Inferred tons within 700 ft. of nearest drill hole, Indicated tons 2 drill holes within 660 ft., 1 within 470 ft.;

Contained metal does not allow for mine and metallurgical recovery; 17.8 ft^3/ton tonnage factor used;

Economic assumptions for cutoff grade, $3.50 Lithium Carbonate USD/lb, 60% metallurgical recovery,

$45 USD/ton processing, $2 USD/ton Mining;

Rounding errors may exist.

Quality Assurance and Quality Control Program

Quality assurance-quality control (QA-QC) by Western Lithium consists of standard samples, blank analyses, duplicate analyses and check assays. Duplicate analyses were performed on pulp samples at American Assay Laboratories ("AAL"). Those samples were prepared and analyzed in the same batch as the original sample. Check assays were performed two ways. A portion of the samples were sent to Hazen Research in Golden, Colorado for analysis and all samples were analyzed by both AA and ICP at AAL.

Qualified Person

Mark Hertel, P. Geo. and Ted Eggleston Ph.D., P. Geo., both Independent Qualified persons as defined by National Instrument 43-101, prepared this Technical Report, titled Kings Valley Lithium Project, Humboldt County, Nevada, USA NI 43-101 Technical Report, dated December 15, 2008, for the Kings Valley Lithium Property as of December 15, 2008.

History

Chevron Resources began exploration for uranium in Nevada in the McDermitt Caldera area in 1975. In September 1977, the U.S. Geological Survey alerted Chevron to the presence of anomalous concentrations of lithium associated with volcaniclastic moat sediments within the caldera. Based on the information from the USGS, Chevron analyzed drill cuttings from rotary percussion drill holes drilled in 1977 in the moat sediments for lithium. The results confirmed the presence of significant lithium hosted by a massive green claystone within the moat sediment section.

In 1979, as Chevron continued evaluating the uranium resource, 34 rotary percussion holes were drilled to evaluate selected tailings disposal sites for anticipated uranium production. Those holes were drilled to test the thickness of the clays, to obtain samples of the clay for engineering analysis, and to further investigate the lithium resource potential. Results were encouraging with respect to the level and consistency of the lithium contained by the clays. In 1980 and 1981, four core holes were drilled to obtain uncontaminated and undisturbed samples to more effectively determine lithium grades. After logging and analysis of the first two core holes, a portion of the core was sent to Chevron Research Company (CRC). CRC was charged with finding an economic process for extracting lithium from the clays.

During the period of 1982 through 1987, Chevron drilled an additional 223 holes composed of both core and conventional rotary on lithium targets and conducted extensive metallurgical testing of the hectorite ores to determine amenability of the ores to extraction of lithium.

In 1985, Chevron produced polygonal resource estimates of the lithium at McDermitt (Table 5). A cutoff grade of 0.25% Li, minimum thickness of 5 feet (1.52 m), and a minimum 9.0 ft Grade Thickness (GT) were used for the estimate. The tonnage factor used was 17.8 ft3/short ton (1.8 g/cm3). The lithium resource is hosted in five pods of mineralization that Chevron designated the North, North Central, South Central, and PCD lenses that contain 2 million tonnes of lithium or an equivalent of 11 million tonnes lithium carbonate. This estimate is not current and is not considered NI 43-101 compliant and is included here for historical purposes only.

Summary of 1985 Chevron Resources at McDermitt Caldera (M st = million short tons)

Lens	Number of Holes	Area (Acres)	Deposit Thickness (ft)	Deposit Thickness (m)	Waste Thickness (ft)	Waste Thickness (m)	Average Grade (%Li)	Deposit Tons (M st)	Li Tons (M st)
North	21	1,364	59	18.0	64	19.5	0.31	196	0.602
North Central	10	372	66	20.1	41	12.5	0.34	60	0.207
South Central	7	230	53	16.2	23	7.0	0.37	37	0.134
South	52	2,432	59	18.0	43	13.1	0.33	353	1.171
PCD	6	332	59	18.0	56	17.1	0.34	48	0.162
Total	96	4,730					0.33	694	2.276

In 1991, Chevron, U.S.A., sold their interest in the claims to Cyprus Gold Exploration Corporation. In 1992, it appears that Cyprus Gold Exploration Corporation allowed the claims to lapse and provided much of the exploration data to one of the claim owners from which they had leased claims.

Western Energy Development Corp., the US subsidiary of Western Uranium Corporation, leased 33 claims in 2005 and the owner provided Western Energy access to the available Chevron data that included material on both the uranium and the lithium resources. Recognizing the potential significance of the lithium resource and the prospectivity the ground provided for hosting additional uranium resources, in 2005, Western Energy staked 1634 federal lode claims covering the prospective areas. These claims cover much the same area as the original Chevron Claims.

During the early part of 2007 Western Uranium recognized the potential market for an increased demand in lithium with the development of lithium battery powered hybrid/electric vehicles and made the decision to spin the asset out into an independently controlled company; Western Lithium Canada Corporation. During the later half of 2007 into 2008 Western Lithium began a number of studies and activities that included the drilling of 45 core, additional 6 holes drilled primarily for additional samples for metallurgical testing, and reverse circulation holes on the PCD lens to verify and provide infill data on a pod of mineralization that is hosted in close proximity to a paved road and power. In addition to the drilling, preliminary marketing studies were initiated during 2007 along with bench scale metallurgical testing. To assist in evaluating the potential economic viability of the project, a scoping study is in progress to assess capital and processing costs. A metallurgical program is contracted and planned, permitting is in progress for additional drilling, and preliminary engineering studies are all major activities the Company is undertaking in 2009.

Geology

The Kings Valley Lithium Project is located within the McDermitt Caldera Complex, a well-preserved volcanic feature located in north-central Nevada and southeast Oregon. Based on extensive past research by the U.S. Geological Survey, volcanic activity at McDermitt spanned the period 27-16 million years ago and culminated in a structural collapse over a 450 square mile surface area, presently known as the McDermitt Caldera. The collapse was the result of the large volume of erupted magma which left a large subsurface void that subsided within itself.

The youngest period of volcanic activity at McDermitt, from 19 to 16 million years ago, generally consisted of explosive eruptions of rhyolite composition which was anomalously high in lithium compared to average rhyolites. Volcanic activity concluded by resurgence of the central part of the caldera, intrusion of rhyolite into the ring fracture zones around the caldera, and formation of a “moat” between the topographic wall of the caldera and the resurgent domes in the center of the caldera. Airborne ash components from these rhyolite eruptions locally accumulated in these shallow lakes or swamps within the “moat” which was also concurrently receiving fine sediments derived from adjacent eroding outcrops. Hydrothermal alteration of the volcaniclastic sedimentary rocks, or perhaps hot spring activity percolating through the adjacent rhyolitic rocks, introduced lithium into the “moat’ sediments. This formed lithium rich clays known as hectorite. Hectorite is a trioctahedral smectite clay containing variable amounts of lithium. The general formula is $Na_{0.3}(Mg, Li)_3Si_4O_{10}(F,OH)_2$ where Lithium substitutes for Magnesium in the lattice. The hectorite ranges from light- to dark-green, brown or light to dark grey in color depending on the oxidation state of the iron in the clay.

Chevron Minerals first identified extensive lithium mineralization at the McDermitt caldera in the early 1980’s. Five separate areas were identified (North Lens, Central Lens, South Lens, South Central Lens and PCD Lens) where drilling identified significant +0.20% Li. The southern-most PCD Lens, currently identified as Stage I, is the primary focus of Western Lithium’s effort due to the area’s proximity to excellent infrastructure, including a paved highway and power lines that cross within 1,500 feet of the southern edge of the known mineralization.

<u>PCD Lens – Stage I</u>

Over 50 core holes have now been completed by Western Lithium Corporation on wide-spaced centers within the PCD Lens. Significant +0.20% Li has been identified over a surface area of approximately 2.0 square miles.

The completed drilling identified +0.2% Li to depths of 350-400 feet in multiple horizons that collectively aggregate a thickness of 200-300 feet. Grades vary up to 0.60% Li but an overall average of 0.25-0.30% is presently implied.

Ongoing studies include core relogging to understand the details of the occurrence and its geologic setting, metallurgical testing of the various ore-types and initial prefeasibility studies to investigate general project economics. An extensive, in-fill drill program is also planned for the fall of 2009 to further characterize the hectorite.

The Four Northern Lenses – Stages II through IV

The other four lenses, to the north of the PCD, and originally identified by Chevron contain the vast majority of the historical lithium resource. To date Western Lithium has drilled an additional five holes within these previously identified lenses and has verified lithium grades consistent with what Chevron originally found.

Basis of Presentation of 2008 Financial Information

Western Lithium financial information reflects the consolidated financial position, statements of operations and deficit, and cash flows of the related lithium exploration business of Western Uranium and Western Lithium Canada Corporation. The results of operations and deficit up to July 16, 2008, include a cumulative $703,571 allocation of Western Uranium general and administrative expenses. The allocation of general and administrative expenses was calculated on the basis of the ratio of expenditures incurred on the lithium claims located on Western Uranium's Kings Valley Property as compared to the expenditures incurred on all of Western Uranium properties during the period. The financial statements have been prepared under the continuity of interests' basis of accounting with balance sheet amounts based on the amounts recorded by Western Uranium. Management cautions readers of this financial information and the allocation of expenses may not be indicative of the actual expenses that would have been incurred had the Company been operating as a separate, stand-alone public company for the periods presented and do not reflect the Company's consolidated results of operations, financial position, and cash flows had the Company been the stand-alone public company during the periods presented. The results of operations are not necessarily indicative of the operating results of future years.

Selected Quaterly Financial Information

The following selected consolidated financial information is derived from the unaudited interim consolidated financial statements of the Company and notes thereto. The information has been prepared in accordance with Canadian GAAP.

	Year end September 30, 2009		Year end September 30, 2008			
	Q2 $	Q1 $	Q4 $	Q3 $	Q2 $	Q1 $
Total assets	7,714,901	8,129,451	7,591,935	2,293,360	2,239,152	2,822,672
Mineral properties and deferred costs	3,647,461	3,149,375	2,457,692	2,287,684	1,608,138	840,072
Working capital	3,845,694	4,623,689	4,998,617	(2,285,216)	(1,571,861)	(16,799)
Total revenues	-	-	-	-	-	-
General and administrative expenses	(860,358)	(859,664)	(1,491,518)	(314,075)	(310,675)	(160,766)
Net loss	(738,184)	(320,866)	(1,364,564)	(314,075)	(293,406)	(177,566)

Significant fluctuations for the quarterly periods are due to the following:

Total assets

- Decrease in Q2 2009 total assets compared to Q1 2009 is mainly due to general and administrative expenditures of $402,083 incurred during the period and $134,641 decrease in accounts payables offset by the increase in the value of the US$ denominated cash and term deposits due to foreign exchange fluctuation of US$ in relation to CDN$.

- Increase in Q1 2009 total assets compared to Q4 2008 is mainly caused by the increase in the value of the US$ denominated cash due to appreciation of the US$ offset by general and administrative expenditures.

- Increase in Q4 2008 total assets and working capital compared to Q3 2008 is due to the net proceeds of $7,753,393 received from the private placement completed during 2008 offset by operating expenditures and repayment of loan from Western Uranium.

- Increase in Q1 2008 total assets is due to the increase in mineral advances payable to Western Uranium Corporation for the exploration activities on the Company's Kings Valley property.

Mineral properties and deferred costs

- Increases during the periods are due to the exploration expenditures and acquisition costs for the Company's Kings Valley Lithium Project.

Working capital

- Decrease in working capital during the periods is mainly due to the expenditures on the Company's Kings Valley Lithium Project and increase in general and administrative expenses offset by the change in the value of US$ denominated cash and term deposits.

- Increase in Q4-08 working capital is due to the net proceeds of $7,753,393 received from the private placement completed during 2008.

General and administrative expenditures

- Q2 2009 total general and administrative expenditures of $860,358 are comparable to Q1 2009 expenditures of $859,664. Increase in individual expense categories, as result of increase in the Company's activities and becoming an independent public company in July 2008, was offset by decrease of $179,346 in non-cash stock-based compensation expenses in Q2 2009. Stock-based compensation figures will vary from period to period depending on the fair value and the amortization schedule of previous stock option grants.

- Q1 2009 decrease in general and administrative expenditures compared to Q4 2009 is mainly due to decrease in non-cash stock-based compensation expenses of $637,621 compared to Q4 2008 stock-based compensation of $1,433,769.

- During Q1, Q2 and Q3, the Company's general and administrative expenses were calculated on the basis of the ratio of expenditures incurred on the lithium property located on Western Uranium's Kings Valley Property as compared to the expenditures incurred on all of Western Uranium's properties during the period. The increase in the general and administrative expenses is due to the increase in the expenditures on the Company's King Valley Lithium project compared to the total expenditures by Western Uranium Corporation.

- Q4 2008 increase in general and administrative expenditures is mainly due to increase in non-cash stock-based compensation of $1,433,769.

Net loss

- Significant fluctuations in net loss and accumulated deficit are primarily due to stock-based compensation expenses incurred as a result of options issued , increase in the Company's activities and becoming a public company in July 2008, and the foreign exchange gain/(loss). The foreign exchange gain/(loss) during the periods primarily is a result of Canadian/US dollar exchange fluctuations and its effect on the Company's US$ denominated funds and conversion of US$ denominated property expenditures of its US subsidiary upon consolidation.

Results of Operations

For the six months ended March 31, 2009, the Company reported a net loss of $1,059,050 ($0.02 per share) as compared to a net loss of $471,972 during the period ended March 31, 2008. Significant expenditures were incurred in the following categories:

- Stock-based compensation of $1,095,896 ($201,141 during the period ended March 31, 2008) increased as a result of additional stock options granted during the period. Stock-based compensation expense is accounted for at fair value as determined by the Black-Scholes Option Pricing Model using estimates that are believed to approximate the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, the fair value of the Company's stock and risk-free rate.

- Office and miscellaneous of $57,098 ($28,732 during the period ended March 31, 2008), rent $50,416 ($11,616 during the period ended March 31, 2008), travel $87,690 ($16,454 during the period ended March 31, 2008), wages and benefits $193,738 ($66,485 during the period ended March 31, 2008), investor relations expenses $34,860 ($13,516 during the period ended March 31, 2008), audit and accounting $66,535 ($34,196 during the period ended March 31, 2008) and advertising expenses $51,536 ($nil during the period ended March 31, 2008) increased mainly due to increase in the Company's activities, hiring of additional staff and consultants and becoming a public company in July 2008.

- Foreign exchange gain of $643,929 was recorded for the six months ended March 31, 2009 (gain of $469 for the six months ended March 31, 2008) primarily as a result of Canadian/US dollar exchange fluctuations and its effect on the Company's US$ denominated funds and conversion of US$ denominated property expenditures of its US subsidiary upon consolidation.

Liquidity and Capital Resources

At March 31, 2009, the Company cash and cash equivalent totaled $4,035,288, a decrease of $924,549 from the $4,959,837 balance as of December 31, 2008 (the end of the Company's first quarter of fiscal 2009) and a decrease of $1,076,232 from the $5,111,520 balance as of September 30, 2008 (the end of the Company's previous fiscal year). The decrease is due to the operating and exploration expenditures on the Company's Kings Valley Lithium project and general and administrative expenses offset by foreign exchange gain on the Company's US$ denominated funds due to appreciation of the US$.

The Company's property will not generate any revenue in the near future and will have to continue to rely on successfully completing additional financings to further development of its property. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's project in relation to these markets, and its ability to compete for investor support of its project. There can be no assurance that the Company will be successful in obtaining the required financing.

Except as disclosed, the Company does not know of any trends, demand, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in liquidity are substantially determined by the success or failure of the exploration programs.

The Company does not know and does not expect to be engaged in currency hedging to offset any risk of currency fluctuations.

As at the date of this MD&A, the Company's working capital is approximately $7,600,000. The Company believes that it has sufficient cash resources to meet all of its current obligations and continue to advance its project.

Operating Cash Flow

Net cash used in operating activities for the period ended March 31, 2009, was $61,717 compared to net cash of $66,355 used during the period ended March 31, 2008. The cash used in operating activities consists primarily of the operating loss from the general and administrative expenditures of $1,059,050 ($470,972 during the period ended March 31, 2008), stock-based compensation of $1,095,896 ($201,141 during the period ended March 31, 2008), and change in non-cash working capital of $98,563 (decrease in accounts receivable and prepaid expenses of $9,429 and increase in accounts payable and accrued liabilities of $89,134) ($203,476 decrease in accounts payable during the period ended March 31, 2008). Operating cash outflow for the six months period ended March 31, 2009, net of foreign exchange gain, was $705,646 ($66,824 during the period ended March 31, 2008).

Financing Activities

During the six months ended March 31, 2009, the Company had no financing activities compared to $2,086,625 net cash provided during the period ended March 31, 2008.

In May 2009 the Company completed a private placement offering of 11,000,000 units (the “Units”), priced at $0.50 per Unit for gross proceeds of $5,500,000 (net $5,260,000). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share for a period of 2 years at an exercise price of $0.60 per share.

In connection with the private placement, the Company paid a cash commission and a corporate finance fee of $155,000 and issued 310,000 agent’s warrants. In addition, the Company paid a finder’s fee of $85,000 and issued 170,000 finder’s warrants. Agent’s and finder’s warrants entitle the holder to purchase one common share for a price of $0.60 for a period of 12 months from the date of closing of the placement.

Western Uranium Corporation, the Company’s controlling shareholder, purchased 3,000,000 Units for which no commission or agent’s warrants was paid or issued.

Investing Activities

Investing activities required cash of $1,014,515 during the period ended March 31, 2009, compared to cash of $1,389,256 used during the period ended March 31, 2008. The cash used in investing activities for the period was primarily for the acquisition and exploration expenditures on the Company’s Kings Valley Lithium project.

Related Party Transactions

The Company entered into a Mining Lease and Option Agreement with Western Uranium Corporation, with which it has two common directors.

The related party transactions incurred during the year were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed by the related parties.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than those disclosed under mineral properties.

Commitments

a) The Company changed the scope of the lithium lab testing and discontinued the previously entered contract with an outside laboratory for the testing and flowsheet development on the Company’s Kings Valley property. The Company paid the sum of US$375,000, to reimburse the lab for the testing equipment according to the contract.

b) Mineral properties commitments are disclosed in Note 3 of the Company’s unaudited interim consolidated financial statements for the period ended March 31, 2009.

c) The Company has committed to rent office space in the amount of $56,150 during fiscal 2009 and $29,250 during fiscal 2010.

Current Share Data

As at the date of this MD&A, the Company has the following common shares, stock options, and share purchase warrants outstanding:

Common shares	62,220,000
Share purchase warrants *(each warrant entitles the holder to purchase one common share until May 6, 2011 at an exercise price of $0.60 per share)*	11,000,000
Share purchase warrants *(each warrant entitles the holder to purchase one common share until May 6, 2010, at an exercise price of $0.60 per share)*	480,000
Stock options *(average exercise price $0.49 expiring between June 16, 2013 and March 17, 2014)*	7,980,000

Financial Instruments

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. Financial instruments disclosure is contained in Note 9 of the Company's unaudited consolidated financial statements for the period ended March 31, 2009.

Risks and uncertainties

The Company's operations and results are subject to a number of different risks at any given time. These factors, include but are not limited to disclosure regarding exploration, additional financing, project delay, titles to properties, price fluctuations and share price volatility, operating hazards, insurable risks and limitations of insurance, management, foreign country and regulatory requirements, currency fluctuations and environmental regulations risks. Exploration for mineral resources involves a high degree of risk. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company seeks to counter this risk as far as possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

A summary of the financial risk factors related to the Company's business is provided in the Note 9 of the Company's unaudited interim consolidated financial statements for the period ended March 31, 2009.

The following are additional risk factors which the Company's management believes are most important in the context of the Company's business. It should be noted that this list is not exhaustive and that other risk factors may apply.

Exploration and Mining Risks: Exploration for mineral resources involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. The Company has limited financial resources and, as pointed out above, has no current source of recurring income with which to cushion financial setbacks. In future, there is no assurance that the Company will produce revenue, operate profitably, or provide a return on investment. The Company seeks to counter this risk as far as possible by selecting exploration areas on the basis of their recognized geological potential to host economic deposits.

Metal Price Risk: Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The price of lithium is affected by numerous factors beyond the control of the Company and can be extremely volatile. The price of this metal greatly affects the value of the Company and the potential value of its properties.

The Company's results of operations also could be affected by the prices of other commodities such as fuel and other consumable items or the co-products, although to a lesser extent than by the price of lithium. The prices of these commodities are affected also by numerous factors beyond the Company's control.

Financial Markets: The Company is dependent on the equity markets as its sole source of operating working capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

Title Risk: Although the Company has taken steps to verify title to mineral property in which it has an interest in, these procedures do not guarantee the Company's title. Such property may be subject to prior agreements or transfers and title may be affected by undetected defects.

Permits and licenses: The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations at its projects. Furthermore, while it is common practice that permits and licenses may be renewed, extended or transferred into other forms of licenses appropriate for ongoing operations, no guarantee can be given that a renewal, extension, or a transfer will be granted to the Company, or if they are granted, that the Company will be in a position to comply with all conditions that are imposed.

Industry: The Company is engaged in the acquisition and exploration of resource properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially mineable deposits.

Capital Needs: The exploration of the Company's current and future properties will require additional financing. The only current source of future funds available to the Company is the sale of additional equity capital. While the Company was successful in completing the most recent private placement funding, there is no assurance that such funding will be available to the Company, or that it will be obtained on terms favorable to the Company, or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration activities on the Company's property or even a loss or property interest.

Environmental Compliance

The Company's operations are subject to local laws and regulations regarding environmental matters. Environmental laws and regulations change frequently, and the implementation of new or the modification of existing laws or regulations could harm the Company. Any changes in these laws could affect the Company's operations and economics.

The Company may be required to make significant expenditures to comply with governmental laws and regulations. While the Company believes it does not currently have any material environmental obligations, exploration and development activities may give rise in the future to significant liabilities of the Company's part to the government and third parties and may require the Company to incur substantial costs of remediation. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Critical Accounting Estimates

Reference should be made to the Company's significant accounting policies contained in Note 2 of the Company's audited consolidated financial statements for September 30, 2008 and changes in accounting policies contained in Note 2 of the Company's unaudited interim consolidated financial statements for March 31, 2009. These accounting policies can have a significant impact of the financial performance and financial position of the Company.

Changes in accounting policies

General standards on financial statement presentation

Effective October 1, 2008, the Company adopted the recommendations in CICA Handbook Section 1400, "General Standards of Financial Statements Presentation", which includes requirements to assess an entity's ability to continue as a going concern; disclosure of material uncertainties relate to events or conditions that may cast doubt upon the entity's ability to continue as a going concern; disclosure of when financial statements are not prepared on a going concern basis, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern. This section relates to disclosure and had no an impact on the Company's financial results. Disclosures required by this standard are included in Note 1 and Note 2 of the Company's unaudited interim consolidated financial statements for the period ended December 31, 2008.

Goodwill and intangible assets

Effective January 01, 2009, the Company adopted the recommendations in CICA Handbook Section 3064, which replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". This new section establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. Adoption of this sections has had no an impact on the Company's financial results.

Future Accounting Policies

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements", and Section 1602 "Non-Controlling Interests". Section 1582 replaces Section 1581 "Business Combinations" and establishes standards for the accounting for business combinations. It provides the Canadian equivalent to *International Financial Reporting Standards IFRS 3* "Business Combinations". The section applies prospectively to the business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600 "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of *International Financial Reporting Standard IAS27* "Consolidated and Separate Financial Statements" and applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is in process of evaluating the requirements of the new standards.

Investor Relations

Jay Chmelauskas, President, and Cindy Burnett, Investor Relations, coordinate investor relations' activities of the Company.

Company Outlook

The Company will continue with its current development plan to complete a scoping study on its Kings Valley Lithium project. The Company is positioning itself to become a reliable and scalable, United States based strategic supplier of battery grade lithium carbonate to support the electric/hybrid cars and mobile electronics of the future.

WESTERN LITHIUM CANADA CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
MARCH 31, 2009

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

MANAGEMENT'S COMMENTS ON UNAUDITED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Western Lithium Canada Corporation for the six months ended March 31, 2009, have been prepared by management and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

WESTERN LITHIUM CANADA CORPORATION
INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	March 30, 2009 $	September 30, 2008 $
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	4,035,288	5,111,520
Receivables	7,340	4,671
Prepaid expenses and deposits	24,812	18,052
	4,067,440	5,134,243
MINERAL PROPERTIES AND DEFERRED COSTS (Note 3)	3,647,461	2,457,692
	7,714,901	7,591,935
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	216,962	116,365
Advances payable to Western Uranium Corporation (Note 4)	4,784	19,261
	221,746	135,626
S H A R E H O L D E R S' E Q U I T Y		
SHARE CAPITAL (Note 5)	7,753,393	7,753,393
CONTRIBUTED SURPLUS (Note 5)	3,011,461	1,915,565
DEFICIT	(3,271,699)	(2,212,649)
	7,493,155	7,456,309
	7,714,901	7,591,935

Nature of operations (Note 1)
Commitments (Notes 3 and 8)
Subsequent events (Note 11)

On behalf of the Board:

"Pamela Klessig" Director *"Ed Flood"* Director

The accompanying notes are an integral part of these interim consolidated financial statements.

WESTERN LITHIUM CANADA CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009 **$**	**2008** **$**	**2009** **$**	**2008** **$**
EXPENSES				
Advertising	45,979	-	51,536	-
Amortization	-	1,148	-	1,797
Audit and accounting	38,823	23,049	66,535	34,196
Consulting fees	34,210	15,022	40,210	23,654
Interest expense and bank charges	383	24,950	446	27,937
Investor relations	34,860	8,583	34,860	13,516
Legal fees	20,865	21,332	22,175	26,892
Office and miscellaneous	36,218	16,577	57,098	28,732
Property investigation	-	186	-	667
Regulatory and filing fees	10,661	11,227	13,273	11,456
Rent	25,143	7,424	50,416	11,616
Stock-based compensation (Note 5)	458,275	118,632	1,095,896	201,141
Telephone	4,607	2,758	6,149	6,898
Travel	32,856	12,765	87,690	16,454
Wages and benefits	117,478	47,022	193,738	66,485
	860,358	310,675	1,720,022	471,441
LOSS BEFORE OTHER ITEMS	(860,358)	(310,675)	(1,720,022)	(471,441)
OTHER ITEMS				
Foreign exchange gain	114,615	17,269	643,929	469
Interest income	7,559	-	17,043	-
	122,174	17,269	660,972	469
NET LOSS AND COMPREHENSIVE LOSS	(738,184)	(293,406)	(1,059,050)	(470,972)
DEFICIT - BEGINNING OF PERIOD	(2,533,515)	(240,604)	(2,212,649)	(63,038)
DEFICIT - END OF PERIOD	(3,271,699)	(534,010)	(3,271,699)	(534,010)
LOSS PER SHARE - BASIC AND DILUTED	(0.01)	N/A	(0.02)	N/A
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING BASIC AND DILUTED	51,220,000	N/A	51,220,000	N/A

The accompanying notes are an integral part of these interim consolidated financial statements.

WESTERN LITHIUM CANADA CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009 $	**2008 $**	**2009 $**	**2008 $**
OPERATING ACTIVITIES				
Loss for the period	(738,184)	(293,406)	(1,059,050)	(470,972)
Items not affecting cash:				
Stock-based compensation	458,275	118,632	1,095,896	201,141
Changes in non-cash working capital items:				
Increase in receivables	(2,551)	-	(2,669)	-
Increase in prepaid expenses and deposits	(9,362)	-	(6,760)	-
(Decrease)/increase in accounts payable and accrued liabilities	(13,159)	203,476	(89,134)	203,476
Net cash (used)/provided by in operating activities	(304,981)	28,702	(61,717)	(66,355)
INVESTING ACTIVITIES				
Acquisition of mineral properties and deferred costs	(619,568)	(768,066)	(1,014,515)	(1,389,256)
Net cash used in investing activities	(619,568)	(768,066)	(1,014,515)	(1,389,256)
FINANCING ACTIVITIES				
Share issuance to Western Uranium Corporation (1)	-	-	-	1
Loans from Western Uranium Corporation	-	-	-	1,999,399
Funding provided by Western Uranium Corporation (1)	-	192,043	-	270,300
Repayment of advances to Western Uranium Corporation	-	(804,265)	-	(183,075)
Net cash (used in)/provided by financing activities	-	(612,222)	-	2,086,625
CHANGE IN CASH AND CASH EQUIVALENTS	(924,549)	(1,351,586)	(1,076,232)	631,014
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	4,959,837	1,982,600	5,111,520	-
CASH AND CASH EQUIVALENTS - END OF PERIOD	4,035,288	631,014	4,035,288	631,014

(1) These are non-cash items that have been provided by Western Uranium Corporation as funding sources and uses of cash of the Western Lithium Business prior to spin-out of Western Lithium Canada Corporation.

CASH AND CASH EQUIVALENTS IS COMPRISED OF:

Cash	1,333,255	631,014	1,333,255	631,014
Term deposits	2,702,033	-	2,702,033	-
	4,035,288	631,014	4,035,288	631,014

Supplemental disclosure in respect of cash flow

Non-cash activities				
Expenditures on mineral properties	(175,253)	-	(175,253)	-
Increase in accounts payable related to mineral properties	175,253	-	175,253	-
	-	-	-	-

The accompanying notes are an integral part of these interim consolidated financial statements.

1. NATURE OF OPERATIONS

Western Lithium Canada Corporation ("Western Lithium" or the "Company") is a Canadian based resource company focused on the exploration and development of a lithium resource property located in north-western Nevada. The Company was incorporated on November 27, 2007, under Business Corporations Act of the Province of British Columbia as a subsidiary of Western Uranium Corporation ("Western Uranium"). Following the completion of the Plan of Arrangement between the two companies, Western Lithium ceased to be wholly-owned by Western Uranium and became an independent publicly traded company on July 16, 2008. The Company trades on the Toronto Venture Exchange under the symbol WLC.

To date, the Company has not generated significant revenues from operations and is considered to be in the exploration stage. The amounts shown as mineral properties and deferred costs represent expenditures incurred to date and do not necessarily represent present or future values. The underlying value of mineral properties and deferred costs are entirely dependent on the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete development, and future profitable production. The Company considers that it has adequate resources to maintain its core operations for the next year.

2. BASIS OF PRESENTATION AND CHANGES IN ACCOUNTING POLICIES

Basis of Presentation

The interim period consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the preparation of interim financial statements. The most significant of these accounting principles have been set out in the audited September 30, 2008 financial statements. Only changes in accounting information have been disclosed in these unaudited interim financial statements. These interim consolidated financial statements follow the same accounting policies and methods of application as the most recent audited consolidated financial statements of the Company. Accordingly, these interim financial statements do not contain all the information required for annual financial statements and should be read in conjunction with the Company's most recent audited consolidated financial statements as at September 30, 2008.

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In the opinion of management, all adjustment considered necessary for a fair presentation have been included.

General standards on financial statement presentation

Effective October 1, 2008, the Company adopted the recommendations in CICA Handbook Section 1400 "General Standards of Financial Statements Presentation", which includes requirements to assess an entity's ability to continue as a going concern; disclosure of material uncertainties relate to events or conditions that may cast doubt upon the entity's ability to continue as a going concern; disclosure of when financial statements are not prepared on a going concern basis, together with the basis on which the financial statements are prepared, and the reason why the entity is not regarded as a going concern. Disclosures required by this standard are included in Note 1 and Note 2.

2. BASIS OF PRESENTATION AND CHANGES IN ACCOUNTING POLICIES (continued)

Goodwill and intangible assets

Effective January 1, 2009, the Company adopted the recommendations in CICA Handbook Section 3064, which replaces Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". This new section establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. Adoption of this sections has had no an impact on the Company's financial results.

Future Accounting Policies

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements", and Section 1602 "Non-Controlling Interests". Section 1582 replaces Section 1581 "Business Combinations" and establishes standards for the accounting for business combinations. It provides the Canadian equivalent to *International Financial Reporting Standards IFRS 3* "Business Combinations". The section applies prospectively to the business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace Section 1600 "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of *International Financial Reporting Standard IAS27* "Consolidated and Separate Financial Statements" and applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is in process of evaluating the requirements of the new standards.

Comparative figures

Certain of the prior period comparatives have been reclassified to conform to the current period's presentation.

(Expressed in Canadian Dollars)

3. MINERAL PROPERTIES AND DEFERRED COSTS

Kings Valley Property, Nevada, USA

The Company and Western Uranium entered into a mining lease and option to purchase agreement (the "Lease Agreement") through their subsidiaries, Western Lithium USA (100% owned by the Company) and Western Energy Development Corporation (100% owned by Western Uranium), pursuant to which Western Uranium granted to the Company the exclusive right to explore for lithium bearing minerals and clay on the Kings Valley Property (the "Exploration Right").

The Lease Agreement has a term of 30 years that is renewable subject to Western Lithium fulfilling terms required under the lease agreement.

In consideration for the Exploration Right, the Company must pay to Western Uranium US$25,000 (paid), US$50,000 (paid) on the first anniversary of the effective date of the Lease Agreement, US$75,000 on each of the second through fourth anniversaries of the effective date of the Lease Agreement, US$100,000 on each of the fifth through tenth anniversaries of the effective date of the Lease Agreement, US$150,000 on each of the eleventh through twentieth anniversaries of the effective date of the Lease Agreement and US$200,000 on each of the twenty-first through thirtieth anniversaries of the effective date of the Lease Agreement, for total payments of US$4,400,000. These payments are applied against any royalty payments. The Company has agreed to pay to Western Uranium a Net Smelter Returns Royalty of 1.5% and a Net Profits Royalty equal to 3.5%.

For the six months ended March 31, 2009	**Kings Valley Property**
Acquisition costs	
Balance, beginning of period	$ 88,569
Additions	71,539
Balance, end of period	160,108
Deferred exploration costs incurred during the period:	
Drilling	77,655
Environmental	42,964
Geological and consulting	244,839
Mapping, supplies and other	78,414
Geochemistry, assays and sampling	9,015
Metallurgy and lab costs	665,343
Total deferred exploration costs	1,118,230
Balance, beginning of period	2,369,123
Balance, end of period	3,487,353
Total mineral property costs	$ 3,647,461

(Expressed in Canadian Dollars)

3. MINERAL PROPERTIES AND DEFERRED COSTS (continued)

For the year ended September 30, 2008	**Kings Valley Property**
Acquisition costs	
Balance, beginning of year	$ 14,799
Additions	73,770
Balance, end of year	88,569
Deferred exploration costs incurred during the year:	
Drilling	1,463,834
Environmental	68,659
Geological and consulting	276,261
Mapping, supplies and other	84,019
Geochemistry, assays and sampling	131,113
Metallurgy and lab costs	141,154
Total deferred exploration costs	2,165,040
Balance, beginning of year	204,083
Balance, end of year	2,369,123
Total mineral property costs	$ 2,457,692

4. ADVANCES PAYABLE TO WESTERN URANIUM CORPORATION

As at March 31, 2009, $4,784 was due to Western Uranium Corporation for the reimbursement of the allocation of shared office and administrative expenses.

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	Number of shares	Amount $	Contributed Surplus, $
Authorized			
Unlimited common shares without par value			
Issued			
As at November 27, 2007 (Incorporation)	1	-	-
Spin-off arrangement with Western Uranium Corporation	34,999,999	-	-
Private placement	16,220,000	8,110,000	-
Contribution from Western Uranium Corporation	-	-	703,571
Share issuance costs	-	(356,607)	-
Stock-based compensation	-	-	1,211,994
As at September 30, 2008	51,220,000	7,753,393	1,915,565
Stock-based compensation	-	-	1,095,896
As at March 31, 2009	51,220,000	7,753,393	3,011,461

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

The amounts of contribution from Western Uranium, included in contributed surplus, are non-cash items representing the allocation of general and administrative expenses under the continuity of interests basis of accounting.

As at March 31, 2009, 159,375 shares are held in escrow pursuant to the Escrow Agreement dated June 19, 2008, between the Company, Computershare, and certain officers and directors of the Company and are scheduled for release on April 4, 2009.

Additional 11,407,045 shares are held in escrow pursuant to the Escrow Agreement dated June 19, 2008 (the "Agreement") between the Company, Computershare, and Western Uranium Corporation. According to the Agreement, 2,281,409 of these shares are released every 6 months. The next scheduled release is on July 16, 2009 and the last release is on July 16, 2011.

Stock options

The Company has a stock option plan in accordance with the policies on the TSX Venture Exchange whereby, from time to time, at the discretion of the board of directors, stock options are granted to directors, officers, and certain consultants. Under the plan, up to 10,200,000 common shares are reserved for the issuance of stock options, being approximately 20% of the issued and outstanding share capital at the time of completion of the spin-out Arrangement with Western Uranium Corporation. The exercise price of each option is based on the market price of the Company's common stock at the date of the grant. The options can be granted for a maximum term of 5 years.

On October 16, 2008, the Company granted a total of 1,500,000 incentive stock options to the newly appointed President and 100,000 incentive stock options to a consultant of the Company to acquire a combined 1,600,000 common shares at $0.45 per share. Of the 1,600,000 options, 1,100,000 will vest over a period of 18 months in accordance with the minimum vesting requirements of the Company's stock option plan. The remaining 500,000 options will vest in two tranches, with the first tranche vesting 2 years from the date of grant and the second tranche vesting on the third year from the date of grant.

On March 18, 2009, the Company granted a total of 555,000 incentive stock options to certain employees and consultants to acquire 555,000 common shares at $0.54 per share. The options will vest over a period of 18 months in accordance with the minimum requirements of the Company's stock option plan.

The fair value of stock options granted is estimated using Black-Scholes Option Pricing Model with the following assumptions used for the grants made during the period:

	March 18, 2009	October 16, 2008
Risk-free interest rate	1.43%	2.92%
Expected life	5 years	5 years
Annualized volatility	100%	100%
Dividend rate	0.00%	0.00%
Total fair value of stock options granted	$ 244,200	$ 608,000

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumptions may affect the fair value estimate; therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options at the date of grant.

Stock-based compensation expense of $1,095,896 was charged to operations and credited to contributed surplus to reflect the fair value of stock options vested during the period. At March 31, 2009, $502,695 of the fair value of stock options previously granted but not yet vested remains to be expensed in fiscal 2009; $234,880 in 2010; $33,646 in 2011; $1,319 in 2012.

The following table summarizes information about Company's outstanding options as at March 31, 2009:

	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	5,825,000	$ 0.50
Granted	2,155,000	$ 0.47
Exercised	-	-
Expired or cancelled	-	-
Balance, end of period	7,980,000	$ 0.49

The following table summarizes information about stock options outstanding and exercisable at March 31, 2009:

	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date
	5,725,000	2,862,500	$ 0.50	June 6, 2013
	100,000	50,000	$ 0.72	August 11, 2013
	1,600,000	275,000	$ 0.45	October 16, 2013
	555,000	138,750	$ 0.54	March 17, 2014
Total	7,980,000	3,326,250		

6. RELATED PARTY TRANSACTIONS

The Company entered into a Mining Lease and Option Agreement with Western Uranium Corporation, with which it has two common directors (Note 3).

The related party transactions incurred during the year were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed by the related parties.

(Expressed in Canadian Dollars)

7. SEGMENTED INFORMATION

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for six months ended March 31, 2009.

The Company's total assets are segmented geographically as follows:

	March 31, 2009		
	Canada $	United States $	Total $
Current assets	3,432,524	634,916	4,067,440
Mineral properties and deferred costs	-	3,647,461	3,647,461
	3,432,524	4,282,377	7,714,901

	September 30, 2008		
	Canada $	United States $	Total $
Current assets	3,477,543	1,656,700	5,134,243
Mineral properties and deferred costs	-	2,457,692	2,457,692
	-	4,114,392	7,591,935

8. COMMITMENTS

a) The Company has engaged an outside laboratory to conduct the laboratory testing, flow sheet development, and economic evaluation on the Company's Kings Valley property. If this engagement is discontinued before the second anniversary of the contract, the Company will pay US$25,000 per month to reimburse the lab for the testing equipment (see Note 11);

b) Mineral properties (Note 3);

c) The Company has committed to rent office space in the amount of $56,150 during fiscal 2009 and $29,250 during fiscal 2010.

9. FINANCIAL INSTRUMENTS

The Company has designated its financial instruments as follows:

i) Cash and cash equivalents are classified as *"Held-for-trading"*. Their carrying values are equal to its fair values;

ii) Accounts receivable and prepaids are classified as *"Loans and Receivables"*. These financial assets are recorded at values that approximate their amortized cost using the effective interest method; and

9. FINANCIAL INSTRUMENTS (continued)

iii) Accounts payable and mineral property advances payable to Western Uranium Corporation are classified as *"Other Financial Liabilities"*. These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The Company manages risks to minimize potential losses. The main objectives of the Company's risk management process are to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Financial Instruments Risk Exposure

Credit risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents. The Company's maximum exposure to credit risk for cash and cash equivalents is the amount disclosed in the balance sheet. The Company limits its exposure to credit loss by placing its cash with major financial institutions and purchasing short-term investments that are guaranteed by the Canadian government or by Canadian chartered banks.

Management believes that the credit risk concentration with respect to financial instruments included in cash, cash equivalents, receivables, and prepaids is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash and cash equivalent balances. As at March 31, 2009, the Company had a cash balance of $4,035,288 (September 30, 2008 - $5,111,520) to settle current liabilities of $221,746 (September 30, 2008 - $135,626). All of the Company's financial liabilities are classified as current and are anticipated to mature within this fiscal period. The Company intends to settle these with funds from its positive working capital position.

Market risk

Market risk incorporates a range of risks. Movement in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals.

i) Foreign currency risk

All current assets and liabilities of the Company, except cash and cash equivalents of $895,195, receivables of $7,340, prepaid expenses and deposits of $21,200, and accounts payable and accrued liabilities of $42,655, are denominated in US dollars and have been translated at a value of $1.2613 Canadian dollars to $1.00 US dollar. Fluctuations in the US dollar against Canadian dollar could result in unanticipated and material fluctuations in the financial results of the Company. The Company does not enter into arrangements to hedge its foreign exchange risk.

9. FINANCIAL INSTRUMENTS (continued)

ii) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Price risk is not significant since the company is not a producing entity.

iii) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. If the interest rate on the Company's cash maintained in the financial institutions decreased by 1%, the Company's loss would have increased by approximately $40,353.

10. CAPITAL DISCLOSURE

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its mineral properties and to maintain a flexible capital structure. The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, contributed surplus, and deficit. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The property in which the Company currently has an interest is in the exploration stage. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed and if available.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period.

11. SUBSEQUENT EVENTS

a) The Company completed a private placement offering of 11,000,000 units (the "Units"), priced at $0.50 per Unit for gross proceeds of $5,500,000 (net $5,260,000). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share for a period of 2 years at an exercise price of $0.60 per share.

In connection with the private placement, the Company paid a cash commission and a corporate finance fee of $155,000 and issued 310,000 agent's warrants. In addition, the Company paid a finder's fee of $85,000 and issued 170,000 finder's warrants. Agent's and finder's warrants entitle the holder to purchase one common share for a price of $0.60 for a period of 12 months from the date of closing of the placement.

11. SUBSEQUENT EVENTS (continued)

b) The Company changed the scope of the lithium lab testing and discontinued the previously entered contract with an outside laboratory for the testing and flow sheet development on the Company's Kings Valley property (Note 8). The Company paid the sum of US$375,000, to reimburse the lab for the testing equipment according to the contract.